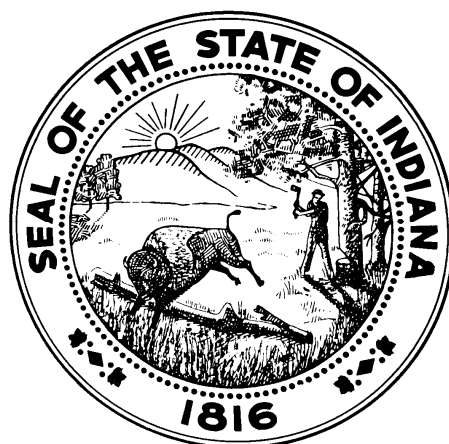


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF CHRISNEY
SPENCER COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
07/02/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-6
Supplementary Information:	
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Capital Asset Records	8
Ordinances and Resolutions	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kim Litkenhus	01-01-04 to 12-31-11
President of the Town Council	Neal Dougan	01-01-06 to 12-31-08
Superintendent of Utilities	John Graham	01-01-06 to 12-31-08



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CHRISNEY, SPENCER COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Chrisney (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

May 28, 2008

TOWN OF CHRISNEY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 49,665	\$ 75,985	\$ 76,884	\$ 48,766
Motor Vehicle Highway	36,270	21,058	16,324	41,004
Local Road and Street	2,584	2,252	2,281	2,555
Cemetery	7,625	2,199	1,071	8,753
Perpetual Care	8,307	-	1,011	7,296
Law Enforcement Continuing Education	571	125	-	696
Planning and Zoning	1,010	720	405	1,325
Police Donations	391	-	-	391
Cumulative Capital Improvement	7,882	1,943	2,600	7,225
Economic Development Income Tax	14,167	8,986	3,431	19,722
Cumulative Building and Fire Fighting Equipment	10,633	36,199	37,992	8,840
Rainy Day	1,953	-	-	1,953
Riverboat	7,600	3,423	1,800	9,223
Levy Excess	472	-	-	472
Donation	-	5,000	5,000	-
Proprietary Funds:				
Water Utility - Operating	46,417	213,104	198,175	61,346
Water Utility - Bond and Interest	-	18,860	-	18,860
Water Utility - Customer Deposit	8,260	2,100	2,600	7,760
Water Utility - Debt Service	19,095	3,420	-	22,515
Wastewater Utility - Operating	58,931	165,074	152,426	71,579
Wastewater Utility - Bond and Interest	4,814	13,965	5,483	13,296
Wastewater Utility - Reserve	7,336	1,536	-	8,872
Wastewater Utility - Customer Deposit	4,500	1,900	2,300	4,100
Gas Utility - Operating	2,406	253,038	238,040	17,404
Gas Utility - Customer Deposits	9,160	2,100	2,300	8,960
Fiduciary Fund:				
Payroll	3,996	128,388	128,483	3,901
Totals	\$ 314,045	\$ 961,375	\$ 878,606	\$ 396,814

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 48,766	\$ 203,189	\$ 193,460	\$ 58,495
Motor Vehicle Highway	41,004	19,400	25,426	34,978
Local Road and Street	2,555	2,481	2,183	2,853
Cemetery	8,753	2,086	1,338	9,501
Perpetual Care	7,296	800	-	8,096
Law Enforcement Continuing Education	696	230	-	926
Planning and Zoning	1,325	1,690	819	2,196
Police Donations	391	14,810	3,748	11,453
Cumulative Capital Improvement	7,225	1,911	2,600	6,536
Economic Development Income Tax	19,722	9,781	17,008	12,495
Cumulative Building and Fire Fighting Equipment	8,840	39,875	37,858	10,857
Rainy Day	1,953	-	-	1,953
Riverboat	9,223	3,430	4,073	8,580
Levy Excess	472	-	-	472
Library Donation	-	33,500	3,375	30,125
Donation	-	5,000	5,000	-
Proprietary Funds:				
Water Utility - Operating	61,346	249,832	255,803	55,375
Water Utility - Bond and Interest	18,860	18,635	37,495	-
Water Utility - Customer Deposit	7,760	2,000	2,900	6,860
Water Utility - Debt Service	22,515	-	-	22,515
Wastewater Utility - Operating	71,579	163,748	204,722	30,605
Wastewater Utility - Bond and Interest	13,296	14,855	23,337	4,814
Wastewater Utility - Reserve	8,872	1,536	-	10,408
Wastewater Utility - Customer Deposit	4,100	1,900	2,700	3,300
Gas Utility - Operating	17,404	286,273	278,817	24,860
Gas Utility - Customer Deposits	8,960	1,100	2,600	7,460
Fiduciary Fund:				
Payroll	3,901	134,072	135,293	2,680
Totals	\$ 396,814	\$ 1,212,134	\$ 1,240,555	\$ 368,393

The accompanying notes are an integral part of the financial information.

TOWN OF CHRISNEY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, general administrative services, water, wastewater, and gas.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF CHRISNEY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF CHRISNEY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Pumper Tanker Fire Truck	\$ 129,106	\$ 26,878
Business-type Activities:		
Water Utility		
Revenue bonds:		
1996 Waterworks Revenue Bonds	\$ 298,000	\$ 18,410
Wastewater Utility		
Revenue bonds:		
2000 Wastewater Revenue Bonds	270,000	14,700
Total business-type activities debt	\$ 568,000	\$ 33,110

TOWN OF CHRISNEY
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS (Applies to Town, Water, Wastewater, and Gas Utilities)

The Town did not maintain capital asset records during 2006 and 2007. A similar comment was included in the prior report.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS (Applies to Water Utility)

The Chrisney Water Utility passed an amendment to their water rates effective February 6, 2006. However, the new flat rate for schools was not applied to billing. Errors were also noted in the amount billed for volume water.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CHRISNEY
EXIT CONFERENCE

The contents of this report were discussed on May 28, 2008, with Kim Litkenhus, Clerk-Treasurer; and Neal Dougan, President of the Town Council. The officials concurred with our findings.

Separate telephone exit conferences were held on May 28, 2008, with Robert Adams and Karen Waninger, Town Council members.